



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval

Under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, pursuant to 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statement and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board

Clearance Officer —Cynthia Ayouch— Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

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**Final approval under OMB delegated authority of the implementation of the
following information collection:**

Report title: Report of Selected Money Market Rates.

Agency form number: FR 2420.

OMB Control number: 7100-to be assigned.

Effective Date: April 1, 2014.

Frequency: Daily.

Reporters: Domestically chartered commercial banks and thrifts that have \$26 billion or more in total assets; U.S. branches and agencies of foreign banks with total third-party assets of \$900 million or more.

Estimated annual reporting hours: Commercial banks and thrifts – 18,750 hours;
U.S. branches and agencies of foreign banks – 26,250 hours.

Estimated average hours per response: Commercial banks and thrifts – 1.5 hours;
U.S. branches and agencies of foreign banks – 1 hour.

Number of respondents: Commercial banks and thrifts – 50; U.S. branches and agencies of foreign banks – 105.

General description of report: This information collection is authorized by sections 9 and 11(a)(2) of the Federal Reserve Act (12 U.S.C. §§ 324 and 248(a)) and by section 7(c)(2) of the International Banking Act (12 U.S.C. § 3105(c)(2)) and may be made mandatory under those provisions. Individual respondent data are regarded as confidential under the Freedom of Information Act (5 U.S.C. § 552(b)(4)) (FOIA). Exemption 4 of FOIA exempts from disclosure trade secrets and commercial or financial information that meets certain criteria.

Abstract: The Federal Reserve proposed to implement the mandatory Report of Selected Money Market Rates (FR 2420). The FR 2420 would be a transaction-based report that collects daily liability data on federal funds, Eurodollar transactions, and certificates of deposits (CDs) from (1) domestically chartered commercial banks and thrifts that have \$26 billion or more in total assets and (2) U.S. branches and agencies of foreign banks with total third-party assets of \$900 million or more. The FR 2420 data would be used to support a range of functions including the daily implementation of monetary policy and the analysis of broad money market conditions.

Current Actions: On June 28, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 38976) requesting public comment for 60 days on the implementation of the FR 2420. The comment period for this notice expired on August 27, 2013. The Federal Reserve received six comment letters on the

proposed implementation of the FR 2420: one from several trade organizations, two from commercial banks, and three from U.S. branches and agencies of foreign banks. The comments are summarized and addressed below.

Summary of Public Comments

A. Duplicative Data

One U.S. agency of a foreign bank expressed concern that foreign banking organizations already provide the Federal Reserve with daily transaction level detail on all short-term financing transactions through a liquidity collection submitted to the Federal Reserve Bank of New York (4G templates). This commenter suggested avoiding unnecessary burden by sharing data among the different disciplines within the Federal Reserve System. The Federal Reserve compared these data collections and determined that there is no meaningful overlap or duplicative data between the proposed FR 2420 and the 4G templates or the Liquidity Monitoring Reports (FR 2052a; OMB No.7100-to be assigned), which have been proposed to replace the 4G templates.

The trade organizations stated that the 4G templates require daily submissions of similar data by certain large banks, but such submissions are made on a two-day lag, which allows reporting banks to ensure the accuracy of the data submitted. Since the 4G templates already collect (from certain large banks) amount and maturity information related to federal funds, Eurodollars, and

Wholesale CDs, the trade organization strongly recommended making slight enhancements to the 4G templates, rather than requiring reporting entities to develop an entirely new reporting system to capture essentially the same information. These data collections have different data elements and are collected for different purposes—money market monitoring versus banking supervision. Moreover, the panel for the FR 2420 is a larger respondent panel than the panel for the 4G templates. Consequently, the Federal Reserve believes the 4G templates could not be revised effectively to meet the FR 2420 needs.

B. Burden Estimates

One U.S. agency of a foreign bank noted that reporting would take 1 hour each day to prepare each day's data, not 0.825 hour as estimated in the FR 2420 proposal. The Federal Reserve reviewed the burden estimates and will revise the estimate to reflect this feedback.

C. Submission Deadline

Most commenters noted the 7:00 a.m. EST deadline would be difficult to meet and requested the Board consider a later deadline and a two-day lag. After considering these comments, the Federal Reserve determined that federal funds and Eurodollar data are needed by 7 a.m. each business day for the preceding day's reportable transactions to support the implementation of monetary policy and daily market monitoring and thus will retain those deadlines. However, upon further

investigation, the Federal Reserve will extend the CD section deadline to a two day lag with a submission deadline of 2 p.m.

D. Implementation Date

Several commenters noted that additional time would be needed to implement and validate data as well as update their systems. The Federal Reserve recognizes challenges associated with implementing the FR 2420. To provide the necessary lead time, the implementation date would be extended to April 1, 2014. However, with this extension, the transition periods outlined in the initial proposal regarding the submission deadline times would be eliminated.

E. Certificates of Deposit

One commercial bank requested that the Federal Reserve consider an exemption on CDs since the rates rarely change from one day to the next. Another commercial bank requested that the threshold be raised to \$1 million. To reduce reporting burden, therefore, the Federal Reserve will raise the threshold on all CDs to \$1 million; however, there will not be a minimum threshold for the amounts reported on the federal funds and Eurodollar transactions.

The trade organization requested that derivative ‘market-linked’ CDs be excluded from the report since (1) the actual embedded floating rate may not be easily obtained, (2) calculating such information would require significant changes to systems, and (3) these CDs are only a small subset of reported CDs. Since, as

commenters noted, these CDs represent a small amount of reported CDs and excluding them would reduce reporting burden, the Federal Reserve will exclude derivative ‘market-linked’ CDs from the report.

F. Newly-Acquired Businesses

The trade organization noted that it was not clear how an institution incorporates a new filer into the proposal’s reporting requirements. Also, the trade organization requested that the final proposal include a 12-month transition period for all newly-acquired lines of business before such new acquisitions are required to be included in the FR 2420. The Federal Reserve will consider these types of requests on a case-by-case basis. However, the Federal Reserve believes that data from mergers and acquisitions should be incorporated into the purchaser’s reported data effective on the date of the acquisition.

By order of the Board of Governors of the Federal Reserve System,
December 11, 2013.

Robert deV. Frierson,
Secretary of the Board.
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